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11/21/03

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In Re The Application Of

Miral Kim-E

Serial No.: 09/533,088

Filed: March 22, 2000

For: Network-Based Trading  
System And Method

Examiner: Akers, Geoffrey R.

Group Art Unit: 3624

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Appeal Brief Under 37 C.F.R. §1.192

Mail Stop Appeal Brief - Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

Having filed herewith a Notice of Appeal from the final rejection of Claims 1-58, all of the claims currently pending, the final rejection being mailed on October 21, 2003, Appellant submits its Appeal Brief for the above-captioned application pursuant to 37 C.F.R. §1.192 in triplicate as follows.

Certificate of Mailing: I hereby certify that this correspondence is today being deposited with the U.S. Postal Service as first class mail in an envelope addressed to: : Mail Stop Appeal Brief - Patents; Commissioner for Patents; P.O. Box 1450; Alexandria, VA 22313-1450.

November 13, 2003

*Linda A. Ferranti*  
Linda A. Ferranti

**Real Party in Interest**

The real party in interest is Mek Securities LLC; 1639 Shippan Avenue; Stamford, CT 06902-8101.

**Related Appeals and Interferences**

There are no related appeals or interferences.

**Status Of Claims**

Claims 1-58 are currently pending, stand rejected and are the subject of the instant Appeal. A copy of each of these claims is attached hereto as Exhibit A.

**Status Of Amendments**

Subsequent to the Final Rejection being mailed on October 21, 2003, Appellant has filed no Amendments.

**Summary Of Invention**

As described in the specification, the claimed invention relates to an improved system and method for trading financial instruments such as securities, as well as fractional portions of traded instruments, and more particularly to a system

and method which applies trade-approval rules to a proposed trade so that the customer's proposed trade can be approved without manual intervention (see e.g., page 14, line 1 through page 15, line 19; Figure 2), which provides anonymous customer-to-customer trading (see e.g., page 15, line 20 through page 18, line 8; Figure 3), and which permits aggregated trading among anonymous customers with common investment goals (see e.g., page 18, line 9 through page 20, line 15; Figure 4).

#### **References Cited And Applied**

U.S. Patent No. 6,012,044 to Maggioncalda.

U.S. Patent No. 6,349,290 to Horowitz.

#### **Grounds Of Rejection**

Claims 1-58 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Maggioncalda in view of Horowitz.

Claims 1-58 stand rejected under 35 U.S.C. 112, second paragraph, "for failing to point out with sufficient clarity and distinctly claim what Appellant regards is the invention over the existing and prior art."

### **Issues Presented For Review**

(1) Whether a rejection is proper under 35 U.S.C. 103(a) when even if the references are combined and modified as suggested by the Examiner, the resulting combination does even hint at the elements of the claims.

(2) Whether a bald statement that a certain aspect of the invention needs further explanation comprises a sufficient basis for a rejection under 35 U.S.C. 112, second paragraph, particularly when a majority of the rejected claims do not even require that aspect of the invention.

### **Grouping of Claims**

The claims do not stand or fall together. Independent Claims 1, 33 and 54 are directed to the automated risk assessment and trade approval aspect of the present invention. These claims require completely different elements as compared to the claims directed to the team trading aspect and the customer-to-customer trading aspect of the invention. Moreover, while each of Claims 1, 33 and 54 is directed to the same automated risk assessment and trade approval aspect of the invention, each claims the inventive aspect from a different perspective, and each defines the invention in materially different terms.

Independent Claims 9 and 38 are directed to the team trading aspect of the present invention. These claims require completely different elements as compared to the claims directed to the automated risk assessment and trade approval aspect and the customer-to-customer trading aspect of the invention. Moreover, while each of Claims 9 and 38 is directed to the same team trading aspect of the invention, each claims the inventive aspect from a different perspective, and each defines the invention in materially different terms.

Independent Claims 20 and 45 are directed to the customer-to-customer trading aspect of the present invention. These claims require completely different elements as compared to the claims directed to the automated risk assessment and trade approval aspect and the team trading aspect of the invention. Moreover, while each of Claims 20 and 45 is directed to the same customer-to-customer trading aspect of the invention, each claims the inventive aspect from a different perspective, and each defines the invention in materially different terms.

Each of the dependent claims adds specific additional elements to the novel combination of the independent claims. As such, all claims must be considered because it is improper to fail to consider any limitation in the claims. In re Geerdes, 491 F.2d 1260, 1262, 180 U.S.P.Q. 789, the 791 (CCPA 1974)

("every limitation in the claim must be given effect rather than considering one in isolation from the others").

### **Argument**

One of the problems associated with the current securities market relates to longstanding securities industry regulations which require that the firm through which the trade is made ensure that the customer's investing activity is suitable for that customer based upon the customer's financial situation and investing expertise. Traditionally, these regulations have been met by intermediate brokers by manually reviewing and approving each trade prior to settlement. As far as Appellant is aware, this approach continues today with known Internet-based trading systems, such as those made available by E\*Trade, Charles Schwab and Fidelity, with back office staff reviewing each order and manually approving same. Such manual review and approval increases the costs associated with securities trading.

Claims 1, 33 and 54 of the present invention are concerned with solving this problem.

More specifically, Claims 1 and 33 each require, among other elements: (i) a customer rules database having a set of customer risk assessment rules stored thereon, (ii) receiving customer information from a customer and assigning a customer risk rating to the customer based upon the received customer information and the set of customer risk assessment rules, (iii) a trade rules database accessible having a set of trade risk assessment rules stored thereon, (iv) receiving trade details from a customer for a proposed trade and assigning a trade risk rating to the proposed trade based upon the received trade details and the set of trade risk assessment rules, and (v) automatically approving the proposed trade if the customer risk rating and the trade risk rating bear a predetermined relationship to one another.

Claim 54 similarly requires, among other elements: (i) a customer rules database having a set of customer risk assessment rules stored thereon, (ii) receiving customer information from a customer and assigning a customer risk rating to the customer based upon the received customer information and the set of customer risk assessment rules, (iii) receiving trade details from a customer for a proposed trade and automatically approving the proposed trade if the customer risk rating is below a risk threshold for the proposed trade.

Neither Maggioncalda nor Horowitz discloses, teaches or suggests at least the above-highlighted elements. Both Maggioncalda and Horowitz disclose systems which provide advice to a user thereof. Maggioncalda discloses that some of the dispensed advice may comprise recommended securities, the particular recommended securities being partly based upon a desired level of risk specified by the user. Similarly, Horowitz discloses that some of the advice may comprise recommended goods or services (perhaps including securities) which are appropriate for the user. However, neither Maggioncalda nor Horowitz discloses, teaches or suggests that a risk rating assigned to the user be compared with a risk rating assigned to a proposed trade and/or that the proposed trade be automatically approved if the customer risk rating and the proposed trade risk bear a predetermined relationship. As such, neither Maggioncalda nor Horowitz address the problem solved by Claims 1, 33 and 54 of the present invention (i.e., providing a securities trading system which reduces the time and costs associated with executing securities trades, and which automates required reviewing and approving processes for each trade prior to settlement).

Rather, both Maggioncalda and Horowitz give trade/investment recommendations based upon the customer's desires and the customer's stated risk preference. In fact, in Maggioncalda, risk tolerance is a specific input that can



be varied by the customer. The present invention, in contrast, automates the decision as to whether a specific trade desired by the customer is suitable (i.e., has the correct riskiness) for the customer based on the customer's concrete investment goals and financial status, not necessarily the customer's desire. Suitability is much more subtle and complex than the pure asset allocation questions addressed by Maggioncalda and Horowitz.

This "suitability checking" process also obviates the problem of trades having to be cancelled or reversed due to their being found unsuitable after the trade has been executed. In illiquid markets, such as the bond markets, trade reversals are very expensive, so brokers want to avoid suitability errors as much as possible.

Another problem associated with the current securities market relates to the fact that, traditionally, the securities markets have not been hospitable to individual investors for a number of reasons which are set forth in the Background section of the present application. However, while it has recognized that as a group, individual investors have an enormous asset base, trading by individual investors is fragmented among relatively tiny pools of money, resulting in small trades of \$5,000 to \$10,000.

Claims 9 and 38 of the present invention are concerned with solving the problems faced by small individual investors by facilitating “team-based” trading which capitalizes on the large asset base of individual investors as a group.

More specifically, each of Claims 9 and 38 require, among other elements, (i) allowing the formation of a team comprising a plurality of team members (ii) enabling team members to determine a quantity of a financial instrument to be purchased in a single trade by the team, (iii) obtaining a financial commitment from each of the team members, (iv) automatically purchasing in a single trade the quantity of the financial instrument, the quantity having a total cost which is no greater than the sum of the obtained financial commitments, (v) charging an account of each of the team members in an amount up to each team member’s respective financial commitment, and (vi) crediting the account of each of the team members with a share of ownership proportionate to the amount charged to each team member’s account of the quantity of the financial instrument purchased.

Neither Maggioncalda nor Horowitz discloses, teaches or suggests at least the above-highlighted elements. Indeed, neither Maggioncalda nor Horowitz

discloses, teaches or suggests in any way whatsoever any type of “team-based” trading. As such, neither Maggioncalda nor Horowitz address the problem solved by Claims 9 and 38 of the present invention (i.e., providing a way to capitalize on the large asset base of individual investors as a group).

Another problem with the current securities markets is that there is currently no vehicle by which securities holders may readily trade securities, or fractional shares thereof, directly with one another. Buyers and sellers must, therefore, use an intermediate broker and incur the high fees and costs associated therewith, which fees and costs can be prohibitive, particularly when relatively small transactions are involved. Furthermore, as there is no central exchange for bonds, it may be difficult for a buyer who is seeking to purchase a specific bond to locate a seller who is selling that specific bond. This is particularly true when only a small number of bonds, or a fractional share of a bond, are at issue. Thus, the bond market is an illiquid market in that even if an investor is able to purchase a small number of bonds, or a fractional share of a bond, that investor may not readily sell such bonds if cash is quickly needed or desired. Ownership of bonds, therefore, has not been regarded as an attractive alternative to cash-on-hand for the individual investor.

Claims 20 and 45 of the present invention are concerned with solving these problems by facilitating “customer-to-customer” trading.

More specifically, each of Claims 20 and 45 require, among other elements, (i) receiving an indication from a seller that the seller desires to sell a financial instrument and an indication from a buyer that the buyer desires to purchase the financial instrument; (ii) notifying the buyer and the seller of a proposed trade and allowing for negotiation between the buyer and the seller; (iii) determining a fair market value of the financial instrument, and transmitting the fair market value to the buyer and the seller, (iv) receiving a buyer trade ticket from the buyer and a seller trade ticket from the seller and determining whether the terms of the buyer trade ticket match the terms of the seller trade ticket; (v) determining, if the terms of the buyer trade ticket match the terms of the seller trade ticket, whether the terms of the proposed trade are fair, and (vi) automatically executing the trade if the terms are fair.

Neither Maggioncalda nor Horowitz discloses, teaches or suggests at least the above-highlighted elements. Indeed, neither Maggioncalda nor Horowitz discloses, teaches or suggests in any way whatsoever any type of “customer-to-customer” trading. As such, neither Maggioncalda nor Horowitz address the

problem solved by Claims 20 and 45 of the present invention (i.e., providing a securities trading system which encourages trading and direct ownership of bonds by individual investors, providing a vehicle by which bond holders may readily trade bonds, or fractional shares of bonds, directly with one another, and facilitating the pairing of a buyer who is seeking to purchase a specific bond with a seller who is selling that specific bond).

In response to Appellants arguments (which were substantially identical to those presented above), the Examiner sets forth reasoning to arrive at the following conclusion: "In combination, Maggioncalda teaches an interface to provide a list of investments appropriate for the specified risk tolerance of the investor(Fig 4/74/430) and a display of recommended financial product portfolios(Fig 11)(col 2 lines 8-32)." However, even assuming that this is true, this "teaching" does not come even close to the automated risk assessment and trade approval aspect as claimed in independent Claims 1, 33 and 54 for the reasons set forth above. Moreover, the Examiner apparently does not even realize that independent Claims 9 and 38 (directed to the team trading aspect of the present invention) and independent Claims 20 and 45 (directed to the customer-to-customer trading aspect of the present invention) (i) do not even require any "risk tolerance" related elements, and (ii) require numerous elements which are not

even hinted at in either of the cited prior art references as set forth above in more detail.

Claims 1-58 also stand rejected under 35 U.S.C. 112, second paragraph, “for failing to point out with sufficient clarity and distinctly claim what Appellant regards is the invention over the existing and prior art.” In its Response to the first Office Action dated August 13, 2003, Appellant respectfully submitted that the claims of the present application were clear and concise and, particularly when taken in conjunction with the Specification, distinctly pointed out what Appellant considered as his invention. Moreover, particularly in view of the Remarks contained therein, Appellant respectfully submitted that the claims clearly distinguished over the prior art. Appellant asked the Examiner to expand on the reasons for the rejection, perhaps giving examples of the perceived 35 U.S.C. 112 related problems with the claims, should the Examiner disagree.

The Examiner responded by stating: “Further discussion of the predetermined thresholding and the relationships between the customer risk rating and trade risk must be addressed(appl response page 7).” Appellant has no idea what this means or how to respond thereto. Is the Examiner merely asking for further “discussion” on the topic or is he stating the Claims are unclear? If the

Examiner is seeking further discussion on the topic, Appellant respectfully suggests that the Examiner read the Specification where the topic is addressed in great detail. If the Examiner is stating that the claims are unclear, he has failed to identify a single instance of unclarity in a single claim. It should also be noted that the “thresholding and relationships between the customer risk rating and trade risk” are only required by independent Claims 1, 33 and 54. The Examiner has not even hinted at any rationale behind the 35 U.S.C. 112 rejections with respect to independent Claims 9, 20, 38 and/or 45.

### Conclusion

Appellant has made a significant advance over the prior art by providing an improved system and method for trading financial instruments such as securities, as well as fractional portions of traded instruments, and more particularly to a system and method which applies trade-approval rules to a proposed trade so that the customer’s proposed trade can be approved without manual intervention, which provides anonymous customer-to-customer trading, and which permits aggregated trading among anonymous customers with common investment goals. Accordingly,

reconsideration and allowance of all pending claims is believed in order, and such action is earnestly solicited.

Respectfully submitted,

November 5, 2003



Wesley W. Whitmyer, Jr., Registration No. 33,558  
Todd M. Oberdick, Reg. No. 44,268  
ST. ONGE STEWARD JOHNSTON & REENS  
986 Bedford Street  
Stamford, Connecticut 06905  
(203) 324-6155

Attorneys for Appellant



## EXHIBIT A - Pending Claims

1. A system for facilitating securities trading comprising:

a computer;

a customer rules database accessible by said computer;

a set of customer risk assessment rules stored on said customer rules database;

software executing on said computer for receiving customer information from a customer, for retrieving said set of customer risk assessment rules from said customer rules database, and for assigning a customer risk rating to the customer based upon the received customer information and said set of customer risk assessment rules;

a trade rules database accessible by said computer;

a set of trade risk assessment rules stored on said trade rules database;

software executing on said computer for receiving trade details from a customer for a proposed trade, for retrieving said set of trade risk assessment rules from said trade rules database, and for assigning a trade risk rating to the proposed trade based upon the received trade details and said set of trade risk assessment rules; and

software executing on said computer for automatically approving the proposed trade if the customer risk rating and the trade risk rating bear a predetermined relationship to one another.

2. The system for facilitating securities trading of Claim 1 wherein the customer risk rating and the trade risk rating comprise numerical indications of associated risk.
3. The system for facilitating securities trading of Claim 2 wherein the predetermined relationship between the customer risk rating and the trade risk rating for receiving automatic approval of the proposed trade is that the customer risk rating be no greater than the trade risk rating.
4. The system for facilitating securities trading of Claim 1 wherein the system determines the customer risk rating, and evaluates the relationship between the customer risk rating and the trade risk rating, for each party to the proposed trade.
5. The system for facilitating securities trading of Claim 1 further comprising:
  - a customer risk rating database accessible by said computer; and
  - software executing on said computer for storing the customer risk rating assigned to the customer on said customer risk rating database, and for retrieving the stored customer risk rating for the customer each time that customer attempts to participate in a trade, such that the customer risk rating for each customer must only be assigned once.

6. The system for facilitating securities trading of Claim 1 wherein the customer risk rating is indicative of the financial resources of and the investment experience of the customer.

7. The system for facilitating securities trading of Claim 1 wherein the trade risk rating is indicative of the underlying economic risks associated with an instrument which is the subject of the proposed trade.

8. The system for facilitating securities trading of Claim 1 further comprising software executing on said computer for automatically generating and transmitting to the customer a warning regarding the proposed trade if the customer risk rating and the trade risk rating do not bear a predetermined relationship to one another, and for automatically approving the proposed trade if an override indication is received from the customer.

9. A system for facilitating securities trading comprising:

a computer;

software executing on said computer for allowing the formation of a team comprising a plurality of team members;

software executing on said computer for enabling team members to determine a quantity of a financial instrument to be purchased in a single trade by the team;

software executing on said computer for obtaining a financial commitment from each of the team members;

software executing on said computer for automatically purchasing in a single trade the quantity of the financial instrument, the quantity having a total cost which is no greater than the sum of the obtained financial commitments;

software executing on said computer for charging an account of each of the team members in an amount up to each team member's respective financial commitment; and

software executing on said computer for crediting the account of each of the team members with a share of ownership proportionate to the amount charged to each team member's account of the quantity of the financial instrument purchased.

10. The system for facilitating securities trading of Claim 9 further comprising a teams database accessible by said computer, said teams database having information regarding a plurality of existing teams stored thereon, including an indication of each team's investment objectives, and wherein the software executing on said computer for allowing the formation of a team comprising a plurality of team members comprises:

software executing on said computer for receiving from a customer an indication of customer investment objectives;

software executing on said computer for determining if the indication of customer investment objectives matches the investment objectives of an existing team;

software executing on said computer for allowing the customer to join an existing team which has investment objectives which match the customer investment objectives; and

software executing on said computer for allowing the customer to create a new team if the customer investment objectives do not match the investment objectives of any of the existing teams.

11. The system for facilitating securities trading of Claim 10 wherein the investment objectives comprise indications of the type of financial instrument issuer, the credit quality of the financial instrument, the maturity date of the financial instrument, and the purpose of the investment.

12. The system for facilitating securities trading of Claim 9 further comprising software executing on said computer for allowing anonymous communication between team members.

13. The system for facilitating securities trading of Claim 9 further comprising:  
a customer rules database accessible by said computer;

a set of customer risk assessment rules stored on said customer rules database;

software executing on said computer for receiving customer information from each of the team members, for retrieving said set of customer risk assessment rules from said customer rules database, and for assigning a customer risk rating to each of the team members based upon the received customer information and said set of customer risk assessment rules;

a trade rules database accessible by said computer;

a set of trade risk assessment rules stored on said trade rules database;

software executing on said computer for determining trade details of the financial instrument, for retrieving said set of trade risk assessment rules from said trade rules database, and for assigning a trade risk rating to the proposed trade based upon the trade details and said set of trade risk assessment rules;

and

software executing on said computer for automatically approving membership in the team for each team member if the customer risk rating for each team member and the trade risk rating bear a predetermined relationship to one another.

14. The system for facilitating securities trading of Claim 13 wherein the customer risk rating and the trade risk rating comprise numerical indications of associated risk.

15. The system for facilitating securities trading of Claim 14 wherein the predetermined relationship between the customer risk rating and the trade risk rating for receiving automatic approval of membership in the team is that the customer risk rating be no greater than the trade risk rating.

16. The system for facilitating securities trading of Claim 13 further comprising:

a customer risk rating database accessible by said computer; and  
software executing on said computer for storing the customer risk rating assigned to the customer on said customer risk rating database, and for retrieving the stored customer risk rating for the customer each time that customer attempts to join a team, such that the customer risk rating for each customer must only be assigned once.

17. The system for facilitating securities trading of Claim 13 wherein the customer risk rating is indicative of the financial resources of and the investment experience of the customer.

18. The system for facilitating securities trading of Claim 13 wherein the trade risk rating is indicative of the underlying economic risks associated with the financial instrument.

19. The system for facilitating securities trading of Claim 13 further comprising software executing on said computer for automatically generating and transmitting to the customer a warning regarding membership in the team if the customer risk rating and the trade risk rating do not bear a predetermined relationship to one another, and for automatically approving membership in the team if an override indication is received from the customer.

20. A system for facilitating securities trading comprising:

a computer;

software executing on said computer for receiving an indication from a seller that the seller desires to sell a financial instrument and an indication from a buyer that the buyer desires to purchase the financial instrument;

software executing on said computer for notifying the buyer and the seller of a proposed trade and for allowing for negotiation between the buyer and the seller;

software executing on said computer for determining a fair market value of the financial instrument, and for transmitting the fair market value to the buyer and the seller;

software executing on said computer for receiving a buyer trade ticket from the buyer and a seller trade ticket from the seller and for determining that the terms of the buyer trade ticket match the terms of the seller trade ticket;



software executing on said computer for determining, if the terms of the buyer trade ticket match the terms of the seller trade ticket, whether the terms of the proposed trade are fair; and

software executing on said computer for automatically executing the trade if the terms are fair.

21. The system for facilitating securities trading of Claim 20 further comprising software executing on said computer for, if the terms of the buyer trade ticket do not match the terms of the seller trade ticket, generating and transmitting to the buyer and the seller a notification that the terms do not match, and for allowing further negotiation between the buyer and the seller.

22. The system for facilitating securities trading of Claim 20 further comprising software executing on said computer for, if the terms of the proposed trade are not fair, generating and transmitting to the buyer and the seller a notification that the terms are not fair, and for allowing further negotiation between the buyer and the seller.

23. The system for facilitating securities trading of Claim 20 wherein the fair market value of the financial instrument is dependent upon a trade date, a settlement date, accrued interest of the financial instrument and the treasury yield.

24. The system for facilitating securities trading of Claim 20 wherein said software for determining whether the terms of the proposed trade is fair determines that the terms are fair if the terms include a price which falls between a current quoted price for an institutional-size round lot and a prevailing price on the odd lot market for financial instruments comparable to the financial instrument which is the subject of the proposed trade.

25. The system for facilitating securities trading of Claim 20 further comprising:

- a customer rules database accessible by said computer;

- a set of customer risk assessment rules stored on said customer rules database;

- software executing on said computer for receiving customer information from the buyer, for retrieving said set of customer risk assessment rules from said customer rules database, and for assigning a customer risk rating to the buyer based upon the received buyer customer information and said set of customer risk assessment rules;

- software executing on said computer for receiving customer information from the seller, for retrieving said set of customer risk assessment rules from said customer rules database, and for assigning a customer risk rating to the

seller based upon the received seller customer information and said set of customer risk assessment rules;

a trade rules database accessible by said computer;

a set of trade risk assessment rules stored on said trade rules database;

software executing on said computer for receiving trade details for the proposed trade, for retrieving said set of trade risk assessment rules from said trade rules database, and for assigning a trade risk rating to the proposed trade based upon the received trade details and said set of trade risk assessment rules; and

software executing on said computer for automatically approving the proposed trade if each of the buyer and seller customer risk ratings and the trade risk rating bear a predetermined relationship to one another.

26. The system for facilitating securities trading of Claim 25 wherein the buyer and seller customer risk ratings and the trade risk rating comprise numerical indications of associated risk.

27. The system for facilitating securities trading of Claim 26 wherein the predetermined relationship between the buyer and seller customer risk ratings and the trade risk rating for receiving automatic approval of the proposed trade is that each of the buyer and seller customer risk ratings be no greater than the trade risk rating.

28. The system for facilitating securities trading of Claim 25 further comprising:

a customer risk rating database accessible by said computer; and  
software executing on said computer for storing the customer risk ratings assigned to the buyer and seller on said customer risk rating database, and for retrieving the stored customer risk rating each time that customer attempts to participate in a trade, such that the customer risk rating for each customer must only be assigned once.

29. The system for facilitating securities trading of Claim 25 wherein the customer risk rating is indicative of the financial resources of and the investment experience of the customer.

30. The system for facilitating securities trading of Claim 25 wherein the trade risk rating is indicative of the underlying economic risks associated with an instrument which is the subject of the proposed trade.

31. The system for facilitating securities trading of Claim 25 further comprising software executing on said computer for automatically generating and transmitting a warning regarding the proposed trade if the customer risk rating and the trade risk rating do not bear a predetermined relationship to one another,

and for automatically approving the proposed trade if an override indication is received from the customer.

32. The system for facilitating securities trading of Claim 31 wherein the warning is transmitted only to the customer whose customer risk rating does not bear the predetermined relationship with the trade risk rating.

33. A method for facilitating securities trading comprising the steps of:

- providing a computer;
- providing a customer rules database accessible by the computer;
- storing a set of customer risk assessment rules on the customer rules database;
- receiving customer information from a customer, retrieving the set of customer risk assessment rules from the customer rules database, and assigning a customer risk rating to the customer based upon the received customer information and the set of customer risk assessment rules;
- providing a trade rules database accessible by the computer;
- storing a set of trade risk assessment rules on the trade rules database;
- receiving trade details from a customer for a proposed trade, retrieving the set of trade risk assessment rules from the trade rules database, and assigning a trade risk rating to the proposed trade based upon the received trade details and the set of trade risk assessment rules; and

automatically approving the proposed trade if the customer risk rating and the trade risk rating bear a predetermined relationship to one another.

34. The method for facilitating securities trading of Claim 33 wherein the customer risk rating and the trade risk rating comprise numerical indications of associated risk and said automatically approving step comprises the step of automatically approving the proposed trade if the customer risk rating is no greater than the trade risk rating.

35. The method for facilitating securities trading of Claim 33 wherein the customer risk rating is determined, and the relationship between the customer risk rating and the trade risk rating is evaluated, for each party to the proposed trade.

36. The method for facilitating securities trading of Claim 33 further comprising the steps of:

providing a customer risk rating database accessible by the computer;

and

storing the customer risk rating assigned to the customer on the customer risk rating database; and

retrieving the stored customer risk rating for the customer each time that customer attempts to participate in a trade, such that the customer risk rating for each customer must only be assigned once.

37. The method for facilitating securities trading of Claim 33 further comprising the steps of:

automatically generating and transmitting to the customer a warning regarding the proposed trade if the customer risk rating and the trade risk rating do not bear a predetermined relationship to one another; and

automatically approving the proposed trade if an override indication is received from the customer.

38. A method for facilitating securities trading comprising the steps of:

providing a computer;

allowing the formation of a team comprising a plurality of team members;

determining a quantity of a financial instrument to be purchased in a single trade by the team;

obtaining a financial commitment from each of the team members;

automatically purchasing in a single trade the quantity of the financial instrument, the quantity having a total cost which is no greater than the sum of the obtained financial commitments;

charging an account of each of the team members in an amount up to each team member's respective financial commitment; and

crediting the account of each of the team members with a share of ownership proportionate to the amount charged to each team member's account of the quantity of the financial instrument purchased.

39. The method for facilitating securities trading of Claim 38 further comprising the step of providing a teams database accessible by the computer, the teams database having information regarding a plurality of existing teams stored thereon, including an indication of each team's investment objectives, and wherein the allowing the formation of a team comprising a plurality of team members step comprises the steps of:

receiving from a customer an indication of customer investment objectives;

determining if the indication of customer investment objectives matches the investment objectives of an existing team;

allowing the customer to join an existing team which has investment objectives which match the customer investment objectives; and

allowing the customer to create a new team if the customer investment objectives do not match the investment objectives of any of the existing teams.



40. The method for facilitating securities trading of Claim 38 further comprising the step of allowing anonymous communication between team members.

41. The method for facilitating securities trading of Claim 38 further comprising the steps of:

- providing a customer rules database accessible by the computer;

- storing a set of customer risk assessment rules on the customer rules database;

- receiving customer information from each of the team members, retrieving the set of customer risk assessment rules from the customer rules database, and assigning a customer risk rating to each of the team members based upon the received customer information and the set of customer risk assessment rules;

- providing a trade rules database accessible by the computer;

- storing a set of trade risk assessment rules on the trade rules database;

- determining trade details of the financial instrument, retrieving the set of trade risk assessment rules from the trade rules database, and assigning a trade risk rating to the proposed trade based upon the trade details and the set of trade risk assessment rules; and

- automatically approving membership in the team for each team member if the customer risk rating for each team member and the trade risk rating bear a predetermined relationship to one another.

42. The method for facilitating securities trading of Claim 41 wherein the customer risk rating and the trade risk rating comprise numerical indications of associated risk and wherein said automatically approving step comprises the step of approving membership in the team for each team member if the customer risk rating for each team member is no greater than the trade risk rating.

43. The method for facilitating securities trading of Claim 41 further comprising the steps of:

- providing a customer risk rating database accessible by the computer;
- storing the customer risk rating assigned to the customer on the customer risk rating database; and
- retrieving the stored customer risk rating for the customer each time that customer attempts to join a team, such that the customer risk rating for each customer must only be assigned once.

44. The method for facilitating securities trading of Claim 41 further comprising the steps of:

- automatically generating and transmitting to the customer a warning regarding membership in the team if the customer risk rating and the trade risk rating do not bear a predetermined relationship to one another; and

automatically approving membership in the team if an override indication is received from the customer.

45. A method for facilitating securities trading comprising the steps of:

providing a computer;

receiving an indication from a seller that the seller desires to sell a financial instrument and an indication from a buyer that the buyer desires to purchase the financial instrument;

notifying the buyer and the seller of a proposed trade and allowing for negotiation between the buyer and the seller;

determining a fair market value of the financial instrument, and transmitting the fair market value to the buyer and the seller;

receiving a buyer trade ticket from the buyer and a seller trade ticket from the seller and determining whether the terms of the buyer trade ticket match the terms of the seller trade ticket;

determining, if the terms of the buyer trade ticket match the terms of the seller trade ticket, whether the terms of the proposed trade are fair; and

automatically executing the trade if the terms are fair.

46. The method for facilitating securities trading of Claim 45 further comprising the step of, if the terms of the buyer trade ticket do not match the terms of the seller trade ticket, generating and transmitting to the buyer and the

seller a notification that the terms do not match, and allowing further negotiation between the buyer and the seller.

47. The method for facilitating securities trading of Claim 45 further comprising the step of, if the terms of the proposed trade are not fair, generating and transmitting to the buyer and the seller a notification that the terms are not fair, and allowing further negotiation between the buyer and the seller.

48. The method for facilitating securities trading of Claim 45 wherein said determining whether the terms of the proposed trade are fair step comprises the step of determining that the terms are fair if the terms include a price which falls between a current quoted price for an institutional-size round lot and a prevailing price on the odd lot market for financial instruments comparable to the financial instrument which is the subject of the proposed trade.

49. The method for facilitating securities trading of Claim 45 further comprising the steps of:

- providing a customer rules database accessible by the computer;

- storing a set of customer risk assessment rules on the customer rules database;

- receiving customer information from the buyer, retrieving the set of customer risk assessment rules from the customer rules database, and

assigning a customer risk rating to the buyer based upon the received buyer customer information and the set of customer risk assessment rules;

receiving customer information from the seller, retrieving the set of customer risk assessment rules from the customer rules database, and assigning a customer risk rating to the seller based upon the received seller customer information and the set of customer risk assessment rules;

providing a trade rules database accessible by the computer;

storing a set of trade risk assessment rules on the trade rules database;

receiving trade details for the proposed trade, retrieving the set of trade risk assessment rules from the trade rules database, and assigning a trade risk rating to the proposed trade based upon the received trade details and the set of trade risk assessment rules; and

automatically approving the proposed trade if each of the buyer and seller customer risk ratings and the trade risk rating bear a predetermined relationship to one another.

50. The method for facilitating securities trading of Claim 49 wherein the buyer and seller customer risk ratings and the trade risk rating comprise numerical indications of associated risk and wherein said automatically approving the proposed trade step comprises the step of automatically approving the proposed trade if each of the buyer and seller customer risk ratings is no greater than the trade risk rating.

51. The method for facilitating securities trading of Claim 49 further comprising the steps of:

- providing a customer risk rating database accessible by the computer;
- storing the customer risk ratings assigned to the buyer and seller on the customer risk rating database; and
- retrieving the stored customer risk rating each time that customer attempts to participate in a trade, such that the customer risk rating for each customer must only be assigned once.

52. The method for facilitating securities trading of Claim 49 further comprising the steps of:

- automatically generating and transmitting a warning regarding the proposed trade if the customer risk rating and the trade risk rating do not bear a predetermined relationship to one another; and
- automatically approving the proposed trade if an override indication is received from the customer.

53. The method for facilitating securities trading of Claim 52 wherein said automatically generating and transmitting a warning step is performed only for the customer whose customer risk rating does not bear the predetermined relationship with the trade risk rating.

54. A system for facilitating securities trading comprising:

a computer;

a customer rules database accessible by said computer;

a set of customer risk assessment rules stored on said customer rules database;

software executing on said computer for receiving customer information from a customer, for retrieving said set of customer risk assessment rules from said customer rules database, and for assigning a customer risk rating to the customer based upon the received customer information and said set of customer risk assessment rules;

a customer risk rating database accessible by said computer; and

software executing on said computer for storing the customer risk rating assigned to the customer on said customer risk rating database;

software executing on said computer for receiving trade details from a customer for a proposed trade and for automatically approving the proposed trade if the customer risk rating is below a risk threshold for the proposed trade.

55. The system for facilitating securities trading of Claim 54 wherein the system determines the customer risk rating and automatically approves the proposed trade for each party to the proposed trade.

56. The system for facilitating securities trading of Claim 54 further comprising software executing on said computer for retrieving the stored customer risk rating stored on said customer risk rating database for the customer each time that customer attempts to participate in a trade, such that the customer risk rating for each customer must only be assigned once.

57. The system for facilitating securities trading of Claim 54 wherein the customer risk rating is indicative of the financial resources of and the investment experience of the customer.

58. The system for facilitating securities trading of Claim 54 further comprising software executing on said computer for automatically generating and transmitting to the customer a warning regarding the proposed trade if the customer risk rating is not below a risk threshold for the proposed trade, and for automatically approving the proposed trade if an override indication is received from the customer.